

# *Money and Power\**

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Political scientists are fond of observing that “power is to us what money is to the economist: the medium via which transactions are observed and measured.”<sup>1</sup> The analogy sometimes implies, as it does in this quotation, that money and power perform similar social functions. At other times it seems to mean that political scientists ought to spend as much time thinking about power as economists do thinking about money. At still other times one detects an envious tone that seems to say, “How lucky are the economists to

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<sup>1</sup>J. David Singer, “Inter-Nation Influence: A Formal Model,” *American Political Science Review*, 57 (June 1963), 420.

have money, while our nearest equivalent is that slippery concept of power." The precise implication rarely matters, however, since the analogy is usually more a rhetorical than an analytical device. The article cited is typical in its use of the analogy as little more than a device to introduce a discussion of power.

If the analogy between money and power were confined to such offhand use, it would hardly merit scrutiny. Such is not the case. Serious and systematic use of the analogy as an analytical device was suggested and demonstrated by G.E.G. Catlin in *The Science and Method of Politics*.<sup>2</sup> His chapter entitled "The Process of Politics" is an extended comparison of the processes of political and economic exchange. Catlin believed that in the "attempt to reduce politics to the compass and system of that science which it has long pretended to be, no subject is likely to prove more instructive for comparative study than that of economics."<sup>3</sup> He also believed that the key to progress in political science lay in the establishment of a political analogue for money:

The *supreme difficulty* of a science of politics lies not so much in the establishment of a human constant, such as economics had in the 'economic man,' or in establishing analogues to the desire for consumption and the irksomeness of production, but in the establishment of a standard and unit of value. Without measurement physics, without money economics, could not have become sciences; both required first a numerical unit.<sup>4</sup>

It is clear that Catlin was not using the analogy between power and money casually. He wanted the comparison of economic and political processes to proceed on a serious and systematic basis.

Catlin's call for systematic development of the analogy between economics and politics has recently been renewed by Karl Deutsch and Talcott Parsons.<sup>5</sup> They see politics as a process of social ex-

<sup>2</sup>(New York: Alfred A. Knopf, 1927), 206-279.

<sup>3</sup>*Ibid.*, 206.

<sup>4</sup>*Ibid.*, 251. (Italics mine.)

<sup>5</sup>Karl W. Deutsch, *The Nerves of Government* (New York: Free Press, 1963), 116-127; Karl W. Deutsch, *The Analysis of International Relations* (Englewood Cliffs, N.J.: Prentice-Hall, 1968), 40-47; Talcott Parsons, "On the Concept of Influence," *Public Opinion Quarterly*, 27 (Spring 1963), 37-62;

change in which power plays a role similar to the role played by money in economic exchanges. Parsons conceives of political analysis as parallel to economic analysis "in the sense that a central place in it is occupied by a generalized medium involved in the political interaction process, which is also a 'measure' of the relevant values. [He conceives of] . . . power as such a generalized medium in a sense directly parallel in logical structure, though very different substantively, to money as the generalized medium of the economic process."<sup>6</sup> The extent to which Deutsch agrees with Parsons is unclear. He does note, however, that the remarks on power as a currency in *The Nerves of Government* are based on the interim results of a continuing collaboration between Parsons and himself.<sup>7</sup> The importance that Parsons himself attaches to the analogy is evident in the conclusion of a recent essay: "Perhaps the main point of my analysis is the conception of political power as a generalized medium of political process that parallels the role of money in economic process."<sup>8</sup> Whatever one thinks about the value of the analogy between money and power, one cannot dismiss it by saying that Catlin, Deutsch, and Parsons did not expect it to be taken seriously.

Another reason the analogy deserves serious attention is the extravagance of the claims made on its behalf. William Mitchell believes that Parsons's concept of power is a dramatic new usage

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Talcott Parsons, "On the Concept of Political Power," *Proceedings of the American Philosophical Society*, 107 (June 1963), 232-262; Talcott Parsons, "Some Reflections on the Place of Force in Social Process," in *Internal War*, ed. by Harry Eckstein (New York: Free Press, 1964), 33-70; and Talcott Parsons, "The Political Aspect of Social Structure and Process," in *Varieties of Political Theory*, ed. by David Easton (Englewood Cliffs, N.J.: Prentice-Hall, 1966), 71-112. The conception of power as money is a recent development in Parsons's thought. It represents a change from the conception of power that he employed prior to about 1960. See William C. Mitchell, *Sociological Analysis and Politics: The Theories of Talcott Parsons* (Englewood Cliffs, N.J.: Prentice-Hall, 1967), 35-36; and Anthony Giddens, "'Power' in the Recent Writings of Talcott Parsons," *Sociology*, 2 (September 1968), 257-272.

<sup>6</sup>Parsons, "Concept of Political Power," 234.

<sup>7</sup>Deutsch, *Nerves of Government*, 120.

<sup>8</sup>Parsons, "Political Aspect," 104.

that is likely to generate considerable interest and controversy. He sees Parsons as having "sponsored one of the most revolutionary changes in recent political science."<sup>9</sup> Deutsch claims that Parsons "has perhaps opened a path to a more fundamental reinterpretation of power than has been possible since the days of Hobbes and Locke."<sup>10</sup> Such claims as these indicate that close scrutiny of the conception of power as money is in order. Let us not engage in revolution until we have a firm idea as to the cause we are to fight for and the weapons we are to fight with.

The following discussion will examine the Deutsch-Parsons formulation of the analogy and other possible formulations. The main questions to be asked are: Is the conception of power as money compatible with other conceptions of power currently in use by political scientists? What is the nearest political counterpart for money? What is the nearest economic counterpart for power? How much isomorphism is there in the power-money analogy? How could the analogy be developed so as to make it more useful to political scientists?

#### COMPARING SUBSETS OF POWER

Robert Dahl has suggested that "power terms in modern social science refer to subsets of relations among social units such that the behaviors of one or more units . . . depend in some circumstances on the behavior of other units."<sup>11</sup> Noting that power so conceived spreads widely over the whole domain of human relations, he observes that students of power have tended to focus their attention on a few subsets of power relations. Given the ubiquity of power relations and the utility of the comparative method, it seems promising to compare one subset of power relations with another. This, in effect, is what Parsons and Deutsch are proposing. Parsons identifies a "family" of ways by which one social unit can get another social unit to behave in desired ways, and he proceeds to

<sup>9</sup>Mitchell, *Sociological Analysis*, 87-90.

<sup>10</sup>Deutsch, *Nerves of Government*, 116.

<sup>11</sup>Robert A. Dahl, "Power," *International Encyclopedia of the Social Sciences*, XII (New York: Free Press, 1968), 407.

compare and contrast these mechanisms.<sup>12</sup> The labels he chooses for these "ways of getting results"—influence, power, money, and generalization of commitments—are unnecessarily confusing. Parsons's "ways of getting results" correspond closely to what Dahl might call "ways of exercising power." We should not, however, let Parsons's terminology obscure the fact that he is calling for a comparison of the subset of power relations (in Dahl's sense) associated with economic exchange and the subset of power relations associated with political exchange. The analogy between money and power invites us to search for political counterparts to money and economic counterparts to political power.

### *Purchasing Power*

An obvious candidate as an economic counterpart to political power is purchasing power. It is possible to conceive of purchasing power relations as a subset of those social relations in which A gets B to do something he would not otherwise do. The economists, who have conducted most of the discussions of purchasing power, have shown little interest in or awareness of the political-science literature on power. The conceptual apparatus developed for the analysis of political power, however, appears to be adequate for describing purchasing power. In fact, economists could probably benefit from using this apparatus more than they do.

Purchasing power can be considered as a subset of the power relations conceived by Dahl without distorting the conventional meaning of the term. Although rarely made explicit, the following perspectives are often implied in common usage:

(1) *Purchasing power is a human relation.* Although we sometimes refer to it as "command over goods and services," this can be misleading. One can acquire goods without purchasing them, e.g., the man who acquires apples by picking them from a tree. A purchase, however, requires both a buyer and a seller. Robinson Crusoe could have neither political nor purchasing power until the arrival of Friday. Purchasing power is a relation in which A gets B to sell him something.

<sup>12</sup>Parsons, "Concept of Influence," 42-45.

(2) *Purchasing power is not money.* Although economists are prone to say that money is generalized purchasing power, this merely indicates a lack of interest in distinguishing between power and the bases of power. A comparable lack of interest is exhibited by the political scientist who carelessly refers to an army as power, thus blurring the distinction between power relations and power bases. The relation between money and purchasing power could be described in conventional power terminology as follows: Money is a power resource (power base or base value) that will very probably allow the possessor to exercise purchasing power that is generalized in scope and domain.<sup>13</sup> Such a definition makes “money-ness” a matter of degree, since probability, scope, and domain are all variable. The higher the probability and the wider the scope and domain, the more “money-ness” a given power base has.<sup>14</sup>

(3) *Money is neither a necessary nor a sufficient condition for the exercise of purchasing power.* Money does not guarantee the exercise of purchasing power. A blind deaf mute may find it difficult to exercise purchasing power no matter how much money he possesses. Like any other power resource, money is used with varying degrees of skill. Money is only one of many base values that can be used to exercise purchasing power. In some situations the following resources can serve almost as well: (1) an honest face, (2) personal acquaintance with the seller, (3) reputation for honesty, or (4) goods or services to barter. Lasswell and Kaplan have advised us of the crucial importance of recognizing that political power may rest on a variety of bases.<sup>15</sup> This advice applies to purchasing power as well.

(4) *Purchasing power varies in scope, weight, and domain.*<sup>16</sup>

<sup>13</sup>Cf. Harold D. Lasswell and Abraham Kaplan, *Power and Society* (New Haven, Conn.: Yale University Press, 1950), 83-86.

<sup>14</sup>Defining money as a matter of degree is not unusual. Cf. Albert Gailord Hart, “Money,” *International Encyclopedia of the Social Sciences*, X (New York: Free Press, 1968), 426; Peter M. Blau, *Exchange and Power in Social Life* (New York: John Wiley, 1964), 269; and Kenneth E. Boulding, *Economic Analysis*, II (4th ed.; New York: Harper & Row, 1966), 71-72.

<sup>15</sup>Lasswell and Kaplan, *Power*, 85.

<sup>16</sup>These terms are used in the sense Lasswell and Kaplan used them. *Ibid.*, 73.

Variations in the weight of purchasing power are evident to anyone who can tell a dollar from a dime, but variations in scope and domain are less obvious. Because money enables us to exercise generalized purchasing power so easily, we tend to forget about the limits on scope and domain. In our daily lives most of us, if we have the money, can buy whatever we want from whomever we want. We rarely think about the things outside the scope of the buying power of our money, such as (dare I say drugs<sup>p</sup>) atomic bombs, nerve gas, or certain kinds of friendship. Likewise, variations in domain are not very salient unless one travels abroad a great deal. He who tries to insert an American quarter in a French vending machine will become keenly aware of variations in the domain of purchasing power. Like other kinds of power, purchasing power varies in scope, weight, and domain. If we are going to compare money with its political counterpart, we should be careful to specify these three dimensions of power.

The above discussion was designed to show that conceptions developed for analyzing political power, such as those suggested by Dahl, Lasswell, and Kaplan, can be used to analyze purchasing power as well. Purchasing power can plausibly be viewed as one of Dahl's subsets of power relations. It is this conception of purchasing power that will be used as a touchstone in the discussion that follows.

### *Power and Exchange*

The analogy of power and money is almost invariably linked with the conception of politics as an exchange process. This is not surprising since there is widespread agreement that the most important function of money is to facilitate economic exchange.<sup>17</sup> Exchange models of politics may well be the wave of the future,<sup>18</sup> but

<sup>17</sup>The following passage taken from a standard textbook is typical: "Money has but one fundamental purpose in an economic system: to facilitate the exchange of goods and services—to lessen the time and effort required to carry on trade." Lester V. Chandler, *The Economics of Money and Banking* (3rd ed.; New York: Harper, 1959), 2.

<sup>18</sup>See William C. Mitchell, "The Shape of Political Theory to Come: From Political Sociology to Political Economy," in *Politics and the Social Sciences*, ed. by Seymour Martin Lipset (New York: Oxford University Press, 1969), 105 ff.

they are certainly not new in political analysis. Thomas Hobbes, John Locke, Edmund Burke, and others conceived politics as a kind of exchange between the rulers and the ruled. More recently, Catlin and Lasswell have suggested explicit comparisons between politics and the process of economic exchange.<sup>19</sup> Although Parsons and Deutsch help to focus our attention on the continuing nature of the exchange process, there would appear to be nothing very revolutionary about the use of a political exchange model.

There are, however, some important implications for power analysis in the comparison of the role money plays in economic exchange with the role power plays in political exchange. If there is one point on which most power theorists have come to agree, it is the utility of treating power as a relation rather than as a possession.<sup>20</sup> The failure to distinguish between power as a relation and the resources (base values or power bases) that may be used to bring about such a relation has been a source of great confusion in political science.<sup>21</sup> It has led to many fruitless discussions of such paradoxes as "the power of the powerless," "the powerlessness of the powerful," and so on. Those who think that it is useful to distinguish between power bases and power relations should be wary of the version of the power-money analogy propagated by Deutsch and Parsons, since it blurs this distinction.

Parsons has explicitly complained that Dahl's concept of power makes it logically impossible to treat power as a "specific mechanism operating to bring about changes in the action of other units."<sup>22</sup> Throughout Parsons's recent writings on power one finds the conception of power as a "means," a "mechanism," or a "medium," that can be possessed and used in order to get things done. Power, for Parsons, is not a form of social interaction; it is a "generalized mechanism operating in social interaction."<sup>23</sup> It is not the *process*

<sup>19</sup>Catlin, *Science*, 206-279; Lasswell and Kaplan, *Power*, 80-81.

<sup>20</sup>Dorwin Cartwright, "Influence, Leadership, Control," in *Handbook of Organizations*, ed. by James March (Chicago: Rand McNally, 1965), 40.

<sup>21</sup>See Robert A. Dahl, *Modern Political Analysis* (Englewood Cliffs, N.J.: Prentice-Hall, 1963), 47-49, 53-54.

<sup>22</sup>Parsons, "Concept of Political Power," 232.

<sup>23</sup>Parsons, "Concept of Influence," 38-42. James S. Coleman indicates that he objected at first to "the analogy of influence to money, on the grounds that



of A getting B to do something he would not otherwise do; it is merely one of several *means* by which A can affect the behavior of B.

This concept of power as a means rather than a relation is imbedded in the analogy between power and money. Thus Parsons writes: "I conceive *power* to be a generalized symbolic medium which circulates much like money, the possession and use of which enables the responsibilities of an office with authority in a collectivity to be more effectively discharged."<sup>24</sup> And Deutsch suggests: "Just as money is the currency of economic life, so power can be thought of as the currency of politics. Here, power is the currency or medium that makes easy the exchange of more-or-less enforceable decisions for more-or-less dependable support."<sup>25</sup> It is rather easy to argue, as Deutsch does, that power is neither the center nor the essence of politics if one *defines* power as a specific mechanism instead of as a relation.<sup>26</sup> Now we see why it is so important to distinguish between money and purchasing power. Whereas purchasing power is a relation, money is but one of several means by which such a relation can be created. It is one thing to conceive of power as a *kind* of exchange; it is quite another to conceive of it as a *medium* of exchange. Those who define power as a relation may find it more useful to compare political power with purchasing power rather than with money.

*Barter.* If political power is considered the counterpart of purchasing power, what is the political counterpart of money? If we are to find a political counterpart to money, we must first understand what money is; but we cannot understand what money is

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the term 'influence' refers to an effect, while the term 'money' refers to a medium by which this effect may be obtained." Coleman apparently abandoned this objection after reading the paper several times. He does not say why. James S. Coleman, "Comment on 'On the Concept of Influence,'" *Public Opinion Quarterly*, 27 (Spring 1963), 81. In a later article Coleman appears to have accepted the definition of power as a resource. See James S. Coleman, "Political Money," *American Political Science Review*, 64 (December 1970), 1076-1077.

<sup>24</sup>Parsons, "Political Aspect," 79.

<sup>25</sup>Deutsch, *International Relations*, 41.

<sup>26</sup>Deutsch, *Nerves of Government*, 124.

unless we know what money *does*. Sometimes woodpecker scalps are money; other times they are not. "Anyone who begins his study of money with the belief that there is some one thing that 'is by nature money' and that has been used as money at all times and in all places will find monetary history very disconcerting. . . ." <sup>27</sup> There seems to be general agreement that, as a medium of exchange, money is that which differentiates barter transactions from other transactions. It would seem, then, that one's conception of the role of money as a medium of economic exchange will depend in part on one's conception of barter.

For most laymen and professional economists the prototype of a barter situation is a *direct* exchange of goods or services for goods or services when the parties to the exchange are the ultimate consumers of the goods and services involved.<sup>28</sup> When persons accept goods or services in trade not because they want to use (consume) them but because they can exchange them later for other goods or services they do want to use, indirect exchange has begun and pure barter has ceased.<sup>29</sup> Thus barter situations are matters of degree, depending upon the extent to which the parties involved perceive the objects being exchanged as symbols of the ability to exercise purchasing power. To the degree that an item being exchanged is viewed as such a symbol it has become money. "Moneyness" is also a matter of degree rather than of kind. Thus, insofar as we are considering only the medium-of-exchange function of money, it is the degree to which an exchange is direct or indirect that determines whether we classify it as barter or as a monetary transaction.

If there is agreement among laymen and economists as to what constitutes barter, why belabor the point? Reiteration of the common conception of barter is necessary if we are to appreciate the extraordinary nature of the conception of barter in the writings of Deutsch and Parsons. For Deutsch and Parsons power at first ap-

<sup>27</sup>Chandler, *Money and Banking*, 15.

<sup>28</sup>Cf. Boulding, *Economic Analysis*, I, 18.

<sup>29</sup>Cf. Blau, *Exchange and Power*, 268; and Max Weber, *The Theory of Social and Economic Organization*, trans. by A.M. Henderson and Talcott Parsons, and ed. with an introduction by Talcott Parsons (New York: Free Press, 1964), 177, 179, 202-203.

pears to mediate political exchange, thus differentiating it from political barter, just as money mediates economic exchange, thus differentiating it from economic barter. The importance of this phenomenon is indicated by Parsons's observation that "a complex polity could not operate on a basis of political barter."<sup>30</sup> What is remarkable about their conception of barter is that it is defined not so much in terms of direct versus indirect exchange as in terms of *what* is being exchanged.

As regards the political system, households may be considered in the most simple case as making *specific* demands upon the political system. They offer *specific* support to rulers who in turn use this support to make and enforce binding decisions of the kind desired by their supporters. Thus, in effect, *specific* support appears exchanged for dependable *specific* decisions, responsive to *specific* demands, in a political analogy to economic barter.

In a slightly more extended case, however, the government may assume a *generalized* leadership role—it assumes *responsibility*—far beyond this or that particular decision; and the population may give it *general* political *loyalty*—that is, *generalized* political support and trust—to some extent regardless of the greater or lesser popularity of any one of the government's policies. For beyond the former political logrolling, or trading of favors, *generalized* support is asked for and given in terms of an only partly quantifiable "currency" of responsibility and loyalty. . . .<sup>31</sup>

The crucial distinction here between barter and non-barter transactions is the specificity of the items being exchanged. If specific support is exchanged for specific policy decisions, political barter is occurring. If general support is exchanged for general re-

<sup>30</sup>Parsons, "Political Aspect," 90.

<sup>31</sup>Deutsch, *Nerves of Government*, 118-119. (Italics added.) See Parsons, "Concept of Political Power," 254-255; "Political Aspect," 87, 90, 93, 98, 100. At times Parsons appears to see barter as direct exchange; see "Concept of Political Power," 256 and "Concept of Influence," 40-42. One must distinguish, however, between the conception of barter that Parsons identifies and the one that he uses. Although he has defined barter as the direct exchange of one item of commodity or service for another ("Concept of Political Power," 237), his usage of the term elsewhere implies that a direct exchange of a package of vaguely defined goods or services for another similar package would not be barter. It is the specificity of the items being exchanged that seems to matter for Parsons, not the directness of the exchange.

sponsibility for policy decisions, political monetization is occurring. The economic analogy would be to regard the exchange of one apple for one orange as barter but to regard the exchange of a truckload of assorted fruit for a boatload of miscellaneous items as a monetary transaction. According to the common conception, what Parsons and Deutsch call a monetary transaction would be nothing more than a "package deal" based on barter. Although few would deny the need in complex polities to have generalized support exchanged for generalized policy-making responsibility, it is not apparent whether such exchanges are or must be mediated by a political equivalent of money. Deutsch confuses the issue when he describes loyalty as a "currency." Loyalty *is* political support, not a symbol thereof. The crucial question, for most people, is whether the generalized support is exchanged *directly* for generalized policy-making responsibility or whether the exchange occurs *indirectly* through a symbolic medium akin to money.

*Symbols of Power.* The moment item X is accepted in exchange not because of its "use value" but because of its "exchange value" item X has become to some degree a symbol, i.e., a thing that represents something else. Since every medium of exchange is symbolic in this sense, it is probably redundant to describe money as a symbolic medium of exchange. When something (shark's teeth, colored beads, dollar bills, bank checks, or whatever) comes to be widely accepted as a symbol of the ability to exercise generalized purchasing power, we call it money. To compare power with money is thus to suggest that power is a symbol just as money is a symbol. Here we confront a basic dilemma in the power-money analogy: Are we to regard power as a symbol or as something to be symbolized?

Parsons and Deutsch treat power as a symbol. For Parsons it symbolizes the capacity for effective collective action;<sup>32</sup> for Deutsch it symbolizes "the ability to change the distribution of results, and particularly the results of people's behavior."<sup>33</sup> Many political scientists may find this confusing. For them power is not a symbol of the ability to change results; it *is* the ability to change results. It

<sup>32</sup>Parsons, "Concept of Influence," 48.

<sup>33</sup>Deutsch, *International Relations*, 41.

is not a symbol of A's ability to affect B's behavior; it *is* A's ability to do so.

There is a further source of confusion in Deutsch's treatment of the symbolic nature of power and money. This becomes apparent as soon as one introduces the distinction between symbols functioning in social processes and symbols used in inquiry into such processes.<sup>34</sup> We use the word "money" in inquiring into the role of those things (dollars, pounds, lira, woodpecker scalps, wampum, etc.) that actually function as symbols of purchasing power. The difference is that one can buy things with dollars, but one can buy nothing with the word "money." When Deutsch suggests that it is the word "power" that symbolizes the ability to change the distribution of results, he is unlikely to be disputed, since all words are symbols.<sup>35</sup> This suggestion, however, is not very helpful in understanding the power-money analogy. Are we to compare the word "power" with the word "money" or with those concrete symbols that actually function as money in the economic system? Like the word "money," the word "power" cannot be used to exercise power; it does not function in political processes; it is merely a symbol used in analyzing such processes. Although such semantic comparison may be useful, it is not the kind of comparison that is usually implied by the power-money analogy.

Ordinarily, those who suggest the analogy are interested in stimulating a search for symbols that perform functions in political exchange similar to those performed by (things called) money in economic exchanges. Those who undertake this search will find that the literature on political power has focused much attention on political symbols. The influential study by Lasswell and Kaplan viewed political interactions as "constituted by patterns of *influence* and *power*, manifested in and affected by *symbols*. . . ."<sup>36</sup> This does not mean, however, that such symbols resemble money.

In the process of using money to exercise purchasing power, the symbol of ability to exercise purchasing power changes hands. The person who has received money in an economic exchange can in

<sup>34</sup>On this distinction, see Lasswell and Kaplan, *Power*, xviii-xix.

<sup>35</sup>Deutsch, *International Relations*, 41.

<sup>36</sup>Lasswell and Kaplan, *Power*, 53.

turn use it to exercise purchasing power. Are there symbols of political power that can be similarly used as media of exchange to transfer political power from one person (or group) to another? I suggest that the nearest political counterpart of money is found in those symbols of legitimate political power, the possession and use of which allows one to exercise legitimate political power. Why *legitimate* political power? Because it is in this realm that widely accepted symbols are most often found. Indeed, the concept of "legitimacy" of the symbols of political power corresponds closely to the concept of "acceptability" (or liquidity) of the symbols of purchasing power.<sup>37</sup> The symbols of legitimate political power might include such things as titles (judge, senator, president, etc.), uniforms, badges, identification cards, official cars, votes, office space in public buildings, crowns, thrones, etc. Note that not all political symbols are included. Possession of an American flag may not allow one to exercise much political power. Possession of a police uniform, however, may well allow one to exercise political power even if one is not a policeman—at least for a while.

Although we are accustomed to thinking of money in terms of an exchange process, there is something disconcerting about viewing political symbols in a similar way. In what ways do these symbols function as media of exchange? One example would be the town representative who pins a sheriff's badge on John Wayne in a western movie, thus allowing Wayne to exercise legitimate political power. Similarly, the American people, as the joint owners of all the official badges, buildings, vehicles, and titles, can be seen as giving these things to certain people as symbols of their support. The people to whom such symbolic support has been given can then use it to exercise legitimate political power. It is easier to think of voting as an exchange process, since we are accustomed to thinking of ourselves as "having a vote" and as "giving it to someone." We are not, however, accustomed to thinking of ourselves as owners of the White House who permit selected persons to live there in exchange for the performance of certain services. The process by which the people exchange symbols of legitimate po-

<sup>37</sup>Cf. Parsons, "Concept of Political Power," 238; and Coleman, "Political Money," 1081.

litical power for performance of governmental functions has become so bureaucratized that it is easy to lose sight of it. Evidence of a basic residue of understanding of this exchange process, though, is found in the irate speeder who reminds the policeman who has stopped him that as a taxpayer he is in some sense the policeman's employer.

In summary: (1) there is nothing revolutionary in the concept of political exchange; (2) it is probably more useful to consider power as a kind of exchange than to consider it as a medium of exchange; (3) the conception of barter most likely to be helpful in analyzing political exchange is that defined in terms of the directness of exchange; (4) it is probably more useful to regard power as a relation to be symbolized than to regard it as a symbol; and (5) the nearest political equivalent of money is a set of symbols of legitimate political power, the possession and use of which facilitates the exercise of political power. To say that certain symbols of legitimate political power are the closest political counterpart to money is not to say that the similarities are great. It may well be that the differences between these two kinds of symbolic media are more interesting than the similarities. Let us take a closer look at the degree to which the symbols of purchasing power resemble those of political power.

#### HOW MUCH ISOMORPHISM?

Thus far we have been discussing money in terms of its role as a medium of economic exchange. This neglect of the other functions often attributed to money is typical of discussions based on the power-money analogy. These other functions are: (1) measure of value, (2) standard of deferred payments, and (3) store of value. Since the last two are often treated as secondary functions of money, their neglect is perhaps not so important.<sup>38</sup> To ignore the standard-of-value function of money, however, is to risk a gross misunderstanding of the basic nature of money. Almost everyone who has discussed the power-money analogy has alluded in one way

<sup>38</sup>Cf. Chandler, *Money and Banking*, 5; and T. E. Gregory, "Money," *Encyclopedia of the Social Sciences*, IX (New York: Macmillan, 1937), 601.

or another to the difficulty of extending it to include the measure-of-value function of money. Some have regarded this difficulty as significant, while others have viewed it as a relatively minor discrepancy between power and money.

### *Measuring Power*

Although there is widespread agreement that purchasing power is easier to measure than political power, there is less agreement as to why this is true and what the implications are for the power-money analogy. Thus, Parsons argues that power is "directly parallel in logical structure" to money in its ability to function as both a medium of exchange and a measure of value.<sup>39</sup> A few pages later in the same article he notes that a "crucial difference" between money and power is that money can be measured in linear terms; whereas power measurement involves a quite different dimension which makes power harder to measure than money.<sup>40</sup> Deutsch tends to minimize the difference in the measurability of power and money by focusing attention on the fact that "like other currencies, power can be quantified, although far more imperfectly so."<sup>41</sup> The question that goes unanswered here is whether there is more significance for political scientists in the fact that power and money can both be quantified or in the fact that quantification is easier for money than for power. To clarify this question let us examine the origins of money, not in historical terms but in terms of the logic of the situation.

If there were no money, there would still be a number of resources (base values or power bases) that could be used to exercise purchasing power in direct exchange. These would include every good or service for which there is any demand. Since there is no generally agreed-upon standard of value, the price of every resource would theoretically have to be stated in terms of every other resource. Thus, if there were 500,000 resources, each one would have 499,999 different prices. Since this is extremely incon-

<sup>39</sup>Parsons, "Concept of Political Power," 234.

<sup>40</sup>*Ibid.*, 242.

<sup>41</sup>Deutsch, *Nerves of Government*, 120. See also, *International Relations*, 42.



venient, the invention of money is almost inevitable if exchange is to occur. One power base will be chosen to serve as a standard by which to measure the value of the other power bases. Their value will henceforth be treated as derivative rather than primary; and all power bases will be priced in terms of the primary power base, e.g., gold, beads, rice, or whatever. Once a standard of value has been established, a medium of exchange can emerge. The power resource selected as a medium of exchange need not be the same as that selected as a standard of value, but it must be measurable in terms of a power resource that is a standard of value.<sup>42</sup> Viewed from this perspective, the standard-of-value function of money is not just another function of money; it is a prerequisite to performance of the medium-of-exchange function. The implications for the power-money analogy are significant. To say that power is like money except for the lack of a standardized measuring rod for power is to put oneself in a rather awkward position. If the two characteristics in terms of which money is defined are its ability to function first as a medium of exchange, and second as a standard of value, and if these functions are highly interdependent, it is difficult to see how power can be regarded as similar to money if it is severely deficient in its ability to perform one of these functions.<sup>43</sup> Deutsch's treatment of the measurement problem is illustrative:

Like other currencies, power can be quantified, although far more

<sup>42</sup>Cf. Talcott Parsons and Neil J. Smelser, *Economy and Society* (London: Routledge and Kegan Paul, 1956), 140-141; Roy Harrod, *Money* (London: Macmillan, 1969), 4; D. H. Robertson, *Money* (4th ed.; Cambridge: Cambridge University Press, 1948), 3; Weber, *Social and Economic Organization*, 179; Gregory, "Money," 601-603; and Boulding, *Economic Analysis*, II, 68-69.

<sup>43</sup>Parsons's analogy between language and money can also be used to illustrate the high degree of interdependence between these two functions of money. He compares the medium-of-exchange function with message transmission and the measure-of-value function with the code used to give meaning to the message. Both are obviously necessary for communication. "Concept of Influence," 38-39. Although Ilchman and Uphoff recognize the absence of a common denominator of political value, they underestimate the far-reaching implications of this lack for their analysis. See Warren F. Ilchman and Norman Thomas Uphoff, *The Political Economy of Change* (Berkeley and Los Angeles: University of California Press, 1969), 54-55.

imperfectly so. Power cannot be counted exactly, but it can be estimated in proportion to the power resources or capabilities that are visibly available, such as the numbers of countable supporters, voters, or soldiers available or required in a particular political context.<sup>44</sup>

likewise, one could say that prior to the invention of money, purchasing power could not be measured exactly, but could be estimated in terms of a variety of power resources. This was precisely the situation that the invention of money was designed to eliminate. The point of inventing money is to make measurement of purchasing power easy by eliminating the need to express purchasing power in terms of 499,999 power resources. *To say that power is like the money except for the lack of a standardized measure of power is to say that the problem of measuring political power is very much like the problem of measuring purchasing power in an economy without money.*

If political scientists are to benefit from comparing the measurement of purchasing power with the measurement of political power, we must understand *why* one is easier to count than the other. To attribute this to some "peculiar property"<sup>45</sup> of political power is not very helpful. Parsons explains the relative difficulty of measuring political power in terms of an inherent quality that he calls "the hierarchical aspect of power systems."<sup>46</sup> This line of argument leads us to think that purchasing power has always been easier to measure than political power because the peculiar nature of political power makes it inherently harder to quantify. Purchasing power, however, has not always been easier to measure than political power. The Almighty did not create a standardized measuring rod for purchasing power at the time He created life. Man had to invent his own measure of value. Prehistoric man may even have found political power easier to measure, i.e., widespread agreement on physical strength as the measure of political power but relatively little agreement on a standard by which to measure purchasing

<sup>44</sup>Deutsch, *Nerves of Government*, 120. Although Deutsch makes a similar point in *International Relations* (42), he seems more cautious about stressing the similarities between money and power in this book.

<sup>45</sup>Mitchell, *Sociological Analysis*, 90.

<sup>46</sup>See Parsons, "Concept of Political Power," 242-248; "Political Aspect," 9; and Mitchell, *Sociological Analysis*, 90.

power. The base values of political power are no harder to count than the base values of purchasing power. It is just as easy to count soldiers, tanks, votes, and official badges as it is to count pigs, dollars, woodpecker scalps, and gold. What differentiates money from the other resources of purchasing power is not its countability but rather the widespread *consensus* that the value of other resources should be expressed in terms of this particular resource. Purchasing power is easy to measure because men have agreed upon a standardized measuring rod; political power is difficult to measure because men have not so agreed. In short, the difficulty of measuring political power is due to the absence of something that fulfills the measure-of-value function of money.

One may agree that there is no standard unit of account similar to money in the political realm but deny that it matters. Does recognition of the absence of a generally accepted measure of political value draw attention to aspects of politics that are worth looking into? This recognition can be valuable in at least three ways:

(1) Those who would study the media of political exchange cannot afford to ignore the measure-of-value function of money. Peter Blau describes the development of a generally valid measure of comparative value as "the crucial problem of indirect exchange."<sup>47</sup> Anything that cannot easily be expressed in terms of a standardized unit of account is likely to be severely limited in the extent to which it can serve as a medium of exchange.

(2) Awareness of the lack of a standard of political value can help us to understand the state of the discipline of political science. It was not without reason that Catlin singled out the absence of

<sup>47</sup>"The crucial problem of indirect exchange is that of a generally valid measure of comparative value. The cost a man is willing to incur for an object he wants to use in trade depends on his estimate of what it is worth to others, not on its subjective worth to himself, as would be the case were he only interested in using it himself. For men to make such estimates realistically, there must be universal agreement in a community on a standard of value in terms of which diverse products and services can be compared. A universalistic standard of value, into which the worth of the different products of labor can be translated, serves as a medium of exchange." (Blau, *Exchange and Power*, 268.) See also, Weber, *Social and Economic Organization*, 179, 202-211.

such a measuring rod as "the supreme difficulty of a science of politics."<sup>48</sup> When Parsons invites us to view political analysis as parallel to economic analysis in the sense that "a central place in it is occupied by a generalized medium involved in the political interaction process, which is also a 'measure' of the relevant values,"<sup>49</sup> he is obscuring one of the most important differences between economics and political science. One of the fundamental reasons why political analysis is so enormously difficult is the *absence* of a "generalized medium involved in the political interaction process, which is also a 'measure' of the relevant values."<sup>50</sup> Lasswell and Kaplan were especially concerned about the consequences of a failure to realize that political power was tied to particular power bases and could not be expressed in terms of a "unitary conception of power."<sup>51</sup> They warned: "Failure to recognize that power may rest on various bases, each with a varying scope, has confused and distorted the conception of power itself, and retarded inquiry into the conditions and consequences of its exercise in various ways."<sup>52</sup> Purchasing power also rests on various bases, but it does not matter so much, since economists can convert the potential purchasing power of each base into a common denominator. The power-money analogy can be helpful if it stimulates awareness of the similarities between barter and political exchange, but the analogy can be harmful if it tempts us to single out a particular base value in terms of which to express the value of the others. If there is no general agreement on a measure of political value, it would be folly to pretend that there is.

(3) Recognition that political exchange occurs under conditions that are more akin to barter than to the sophisticated markets of a

<sup>48</sup>Catlin, *Science*, 251.

<sup>49</sup>Parsons, "Concept of Political Power," 234.

<sup>50</sup>William Mitchell seems to agree that it is useful to focus attention on the differences between money and its political analogues. Contrary to the above interpretation, however, he sees Parsons's approach as helping to produce this focus. See Mitchell, *Sociological Analysis*, 87-93.

<sup>51</sup>Lasswell and Kaplan, *Power*, 92.

<sup>52</sup>*Ibid.*, 85. On the difficulty of analyzing power without a satisfactory common denominator to which different forms of power can be reduced, see also Robert A. Dahl and Charles E. Lindblom, *Politics, Economics and Welfare* (New York: Harper & Row, 1953), 228-229.

modern money economy can lead us to ask a number of theoretically provocative questions. Why are the media of political exchange not more like money? Under what conditions might one expect generalized media of political exchange to emerge? Would it be desirable to have media of political exchange that were more like money? What are the consequences of using relatively primitive media of political exchange?<sup>53</sup> These questions and others like them are unlikely to be asked by those who focus only on the similarities between the media of political and economic exchange and neglect the differences.

### *Scope and Domain*

One important consequence of a standardized measure of economic value is that economists need not be so careful as political scientists must be in specifying the scope and domain of power relations. Whereas economists rarely bother to specify the scope and domain of purchasing power, Dahl and Lasswell both have warned that it is practically meaningless for a political scientist to discuss power without reference to these two dimensions of power.<sup>54</sup> Economists can compare the purchasing power of diverse goods and services simply by converting them into the common denominator of money. Money may be thought of as different from other resources primarily in its higher degree of liquidity.<sup>55</sup> This "liquidity" is a function of (1) time, (2) scope, and (3) domain. In other words, the difference between money and other resources is that with money one can buy a greater variety of things from more people more quickly. Because money is so generalized in scope and domain and because the value of most goods and services can be expressed in monetary terms, economists can ignore scope and domain and get away with it—at least most of the time.<sup>56</sup>

<sup>53</sup>Mitchell's *Sociological Analysis* (87-93) contains some very interesting speculation on the implications of the absence of a political analogue to money. He suggests that there is a significant degree of uncertainty in political calculation that is due to the absence of a standardized measure of political values.

<sup>54</sup>Dahl, "Power," 408; Lasswell and Kaplan, *Power*, 76.

<sup>55</sup>Cf. Blau, *Exchange and Power*, 269; and Boulding, *Economic Analysis*, II, 70-72.

<sup>56</sup>For an example of a case in which failure to specify the scope and domain

The media of political exchange, however, seem to be much more limited in scope and domain than the media of economic exchange. The authority of policemen is usually quite narrow in terms of scope and domain. Even the chief executive's powers are relatively circumscribed in Western democracies. There is no "general purpose" currency that can be used to exercise political power of generalized scope and domain. In economics one man's money is as good as the next man's, but in politics the symbols of power are more closely tied to particular contexts.

Parsons's contention that complex polities cannot operate without generalized media of political exchange may be similar to the pessimistic theorizing on the flight capabilities of the bumblebee. Media as generalized as money may be neither necessary nor desirable in complex polities. One suspects that relatively narrow limits on the scope and domain of the symbols of legitimate political power may be important safeguards of limited government. In a totalitarian political system the right political symbol—say, membership in the ruling party—will allow one to exercise generalized political power in a vast number of situations—in homes, at parties, in stores, and on the street. But in constitutional political systems the symbols of legitimate political power are not generalized; instead they permit the exercise of power only within narrowly specified limits. Let us not be hasty in describing this "inefficiency" in the political exchange process as undesirable. Perhaps we would not want a political equivalent to money even if we could get it.<sup>57</sup>

### *Gold and Force*

Both Deutsch and Parsons have suggested that the power-money analogy be expanded to include the proposition that physical force is to power as gold is to paper money. This is a dangerous undertaking, since it involves singling out one of the most

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of the purchasing power of money had serious consequences for public policy, see my discussion of soft loans and American foreign policy. David A. Baldwin, *Economic Development and American Foreign Policy: 1943-1962* (Chicago: University of Chicago Press, 1966).

<sup>57</sup>For a study that treats the lack of a political analogue for money as a "defect" in the political exchange system, see Coleman, "Political Money."

frequent sources of confusion in political analysis (the role of force) for comparison with a recurrent source of confusion in monetary analysis (the role of gold). The basic rationale of an analogy is to clarify the unfamiliar by comparing it with that which is clearly understood. Comparison of one popular fallacy with another may only compound confusion.

There are two analytical pitfalls that are particularly dangerous when comparing gold with force. One is to treat them as the ultimate measuring rods of economic and political value; and the other is to assume a fixed systemic role for each. Just as popular political discussion often assumes that political power ultimately comes from a gun barrel, so popular economic discussion is prone to assume that the purchasing power of money is ultimately based on gold. Such reasoning usually grows out of a belief that force is the most intrinsically effective political power base and that gold is the most intrinsically effective purchasing power base. This kind of argument is anathema to most economists, e.g.:

Popular economic discussion often assumes that things have an intrinsic worth. As soon as we perceive the truth of . . . [the "law of diminishing marginal utility"], however, it becomes clear that what a thing is worth to us depends on how much of it we have, and that therefore the worth is not anything *in* a commodity. It is not a physical property of an object like weight or volume, but is simply how we feel about it. Things are valuable because somebody thinks they are, and for no other reason whatever. This is true, as we shall see, even of gold—a commodity which people are inclined to think has an *intrinsic value*. Gold, like everything else, is valuable only because people think it is.<sup>58</sup>

It is the attitudes of people, not the intrinsic properties of gold and force, that determine their social role. In some societies, gold and force are very liquid assets, i.e., they are readily convertible into other assets; in other societies they are less liquid. There is nothing intrinsically valuable about gold—as King Midas learned.

Parsons's discussions of gold and force are likely to encourage

<sup>58</sup>Boulding, *Economic Analysis*, I, 23. Cf. Thomas C. Schelling, *The Strategy of Conflict* (Cambridge, Mass.: Harvard University Press, 1960), 92-94.

thinking in terms of intrinsic worth. When he speaks of the value of money as grounded in the value of gold,<sup>59</sup> of gold as the “rock bottom” of economic security,<sup>60</sup> and of gold and force as the ultimate symbolic bases of security of the value of money and power, respectively,<sup>61</sup> Parsons risks seriously confusing his readers. He goes on, moreover, to compare the grounding of the value of money in gold with the grounding of the value of power in physical force, which he regards as the “most intrinsically effective of all means of coercion.”<sup>62</sup> Regardless of Parsons’s intended meaning, his readers may be forgiven if they understand him to be saying that gold is the most intrinsically effective means of exercising purchasing power, just as force is the most intrinsically effective means of exercising political power.

Although Parsons at times rejects the idea that gold is the ultimate determinant of the value of money (and correspondingly that force is the ultimate determinant of power), at other times he seems to embrace it. This ambivalence is illustrated by his suggestion that there are two directions in which one can pursue the answer to the question: “On what basis does the ‘value of money’ rest?”<sup>63</sup> These two directions lead to the conclusion that the value of money is determined, in the first case, by the value of the monetary metal backing it up and, in the second case, by the general confidence in the productivity of the economic system.<sup>64</sup> Parsons’s treatment of these two kinds of explanation implies that both are intellectually respectable, even though the monetary metal version

<sup>59</sup>Parsons, “Concept of Political Power,” 237, 240. Max Weber’s discussions of money and monetary metals are also likely to bewilder a contemporary reader. See Weber, *Social and Economic Organization*, 173-181, 280-309.

<sup>60</sup>Parsons, “Concept of Influence,” 46.

<sup>61</sup>Parsons, “Reflections on the Place of Force,” 69.

<sup>62</sup>Parsons, “Concept of Political Power,” 238, 240. See also Parsons’s discussion of the intrinsic qualities of gold and force in “Concept of Influence,” 48-49. Parsons usually places the word “intrinsic” in quotation marks, leaving the reader to wonder whether he really means it. On Parsons’s habit of using quotation marks in this way, see Coleman, “Comment,” 81.

<sup>63</sup>Parsons, “Reflections on the Place of Force,” 43-44.

<sup>64</sup>*Ibid.*, 43-48. A similar difficulty is found in Coleman, “Political Money,” 1074-1076, 1080-1081.



“does not tell quite the whole story.”<sup>65</sup> He implies that the portion of the story it does tell is correct but incomplete. Most economists, however, would regard explanations of the value of money in terms of the value of gold not merely as incomplete, but as incorrect. When economists refer to the belief that gold determines the value of money, they usually depict it as one of several discredited or erroneous beliefs on this subject.<sup>66</sup> (In the American case, for example, it would make more sense to say that dollars determine the value of gold than it would to say that gold determines the value of dollars.) On the basis of his dual explanation of the value of money, Parsons observes that “the question of whether it [force] is or is not the ‘basis’ of power is ambiguous in a sense exactly parallel to that of the question of ‘basing’ the value of money on command of gold reserves.”<sup>67</sup> In the eyes of most economists, however, it is not ambiguous to say that monetary value is based on gold; it is wrong. Although Parsons may not intend to argue that gold and force are the ultimate determinants of economic and political power, he is certainly ambivalent on the issue. Given the widespread misunderstanding of both gold and force, such ambivalence is likely to do more harm than good.

The second pitfall to be avoided in comparing gold with force is the assumption of a fixed social role for each. Although Deutsch and Parsons frequently say that the role of force in political systems is parallel to the role of gold in economic systems, it is not clear what this means. It is obvious that they view force as occupying a special place in political systems comparable to the special place that they think gold occupies in economic systems; but precisely what is this special place, and why is it occupied by gold and force?<sup>68</sup> Apparently, they see gold and force as the most intrinsically effective bases of purchasing and political power. As such,

<sup>65</sup>*Ibid.*, 44.

<sup>66</sup>See, for example, Chandler, *Money and Banking*, 24; and Hart, “Money,” 431.

<sup>67</sup>Parsons, “Reflections on the Place of Force,” 47.

<sup>68</sup>See Parsons, “Concept of Political Power,” 237-240; “Reflections on the Place of Force,” 48; and “Concept of Influence,” 47. Parsons usually thanks Deutsch for having called his attention to the similarities between gold and force.

they are usually held in reserve and used only in "showdown" situations. In such situations the ultimate weapons of gold and force are brought into action as "damage-control mechanisms."<sup>69</sup> Just as governments will often use force to bolster confidence in their political power, so they will also use gold to bolster confidence in the purchasing power of money.

Although one could dispute the particular social roles attributed by Deutsch and Parsons to gold and force—e.g., Parsons's contention that gold provides the base upon which a complex credit structure is erected<sup>70</sup>—such disputes would matter less than the overall assumption that the social roles of gold and force are unchanging. From the writings of Deutsch and Parsons one gets the impression that there is some generally shared conception of "the role of gold in economic systems" and "the role of force in political systems." When Parsons talks about the role of gold in "the 'normal' circumstances of monetary transaction,"<sup>71</sup> we are apparently expected to know what he means. In discussing gold Deutsch and Parsons seem to have in mind one of the roles played by gold in certain economic systems for a few years before the Second World War. Gold has played several roles in economic systems, and these roles have never been fixed.<sup>72</sup> Contemporary students will find it hard to reconcile the discussion of gold and force by Deutsch and Parsons with Samuelson's observations that metallic backing for money has no real meaning any more, that gold ceased to be legal tender in America in 1933, that it would be illegal for an American to use gold to pay a debt even if he wanted to, and that gold is not even one of the components of the U.S. money supply, let alone the most effective component.<sup>73</sup> When Parsons and Deutsch tell us that

<sup>69</sup>Deutsch, *Nerves of Government*, 122-123.

<sup>70</sup>Parsons, "Reflections on the Place of Force," 44.

<sup>71</sup>*Ibid.*

<sup>72</sup>On the evolutionary nature of the role of gold in monetary systems, see Robert Triffin, *Our International Monetary System: Yesterday, Today, and Tomorrow* (New York: Random House, 1968); and Gregory, "Money," 605-608.

<sup>73</sup>Paul A. Samuelson, *Economics* (8th ed.; New York: McGraw-Hill, 1969), 259-261. Compare Deutsch's claim that gold is "the power to purchase in its most tangible form" (*International Relations*, 43) with Boulding's observa-

the role of force in political systems is parallel to the role of gold in monetary systems, we are entitled to ask: Which role of gold? In which monetary systems? During which period of history? Similar questions could also be asked concerning force. The social roles of gold and force do not grow out of their intrinsic nature; they grow out of social attitudes toward gold and force, attitudes that vary in space and time.

Whether or not Deutsch and Parsons have avoided falling into the analytical pitfalls described above, it is difficult to deny that they have led others dangerously near the edge. The gold-and-force analogy, as presented by Deutsch and Parsons, is a step backward in the analysis of power. One of the most important contributions of Lasswell and Kaplan was to impress upon political scientists the crucial importance of recognizing that power may rest on various bases and that there is no primary power base from which all the others can be derived.<sup>74</sup> The gold-and-force analogy tempts us to become preoccupied with a single power base, to treat it as pre-eminent, and to treat others as derived from it. This temptation, together with the widespread popular misunderstanding of both force and gold, suggests the need to search for more fruitful ways to develop the power-money analogy.

### *Does Isomorphism Matter?*

Although isomorphism does matter, it is a mistake to attribute the value of the power-money analogy to the similarities between money and the symbols of power. In science the value of an analogy depends on the extent of "actual structural correspondence between the two systems from which the analogy is drawn."<sup>75</sup> It is thus the isomorphism between political and economic systems that matters, not that between money and power. To focus on money is to focus on the single most important *difference* between political

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tion that most people "would never think of going down to the store with a bag of gold dust, and it would be most doubtful whether they could buy anything with it if they did." (*Economic Analysis*, II, 72.)

<sup>74</sup>Lasswell and Kaplan, *Power*, esp. 83-94.

<sup>75</sup>Deutsch, *Nerves of Government*, 78.

and economic systems, i.e., the fact that only the latter has a generalized medium of exchange that also serves as a standardized measure of value. One of the most valuable services the analogy between politics and economics can render to political scientists is clear identification of this difference. In comparing political with economic processes, as in comparing men with women, we may find the differences as interesting as the similarities.

### THE "ZERO-SUM PROBLEM"

In developing his version of the power-money analogy Parsons claims to have solved something he calls "the famous zero-sum problem."<sup>76</sup> In evaluating the significance of Parsons's work for political scientists William Mitchell sees revolutionary implications in his treatment of this problem.<sup>77</sup> The "zero-sum problem" stems from an alleged tendency in the literature on power to assume that "there is a fixed 'quantity' of power in any relational system and hence any gain of power on the part of A must by definition occur by diminishing the power at the disposal of other units, B, C, D . . . ."<sup>78</sup> Whereas the dominant tendency in the literature on power has been to treat it as a fixed quantity to be divided up, Parsons has challenged this unquestioned assumption about the nature of power.<sup>79</sup> This "orthodox" view of power as a zero-sum phenomenon is attributed to Dahl, Lasswell, and Kaplan.<sup>80</sup> There are, of course, many political scientists who have treated power as a quantifiable mass to be divided among rival claimants; but it is surprising to find Dahl, Lasswell, and Kaplan among them. In the struggle to replace the conception of power as a quantifiable mass with the conception of power as a relation they are usually considered leaders.

If Parsons's version of the power-money analogy is incompatible

<sup>76</sup>Parsons, "Concept of Political Power," 258.

<sup>77</sup>Mitchell, *Sociological Analysis*, 89-90.

<sup>78</sup>Parsons, "Concept of Political Power," 232-233.

<sup>79</sup>Mitchell, *Sociological Analysis*, 89-90.

<sup>80</sup>Parsons, "Concept of Influence," 60; "Concept of Political Power," 232-233, 250-251; "Political Aspect," 99-100. Parsons also attributes the zero-sum assumption to V. O. Key and C. Wright Mills. I have not examined their writings to determine the accuracy of this claim.

with the basic concept of power developed by Dahl, Lasswell, and Kaplan, the implications could indeed be revolutionary. Before storming the barricades, however, let us ask whether Dahl, Lasswell, and Kaplan really do have a zero-sum conception of the nature of power.<sup>81</sup> For them power relations refer to situations in which one man or group affects a specified aspect of the behavior of another man or group. One has not defined a power relation until one has specified both scope and domain.<sup>82</sup> Thus, as long as Robinson Crusoe and Friday have separate islands, neither has any political power. When Friday comes to live on Robinson Crusoe's island, either or both may gain political power, but neither can lose what he does not have. Since Dahl, Lasswell, and Kaplan could describe such situations as increases in the power of either (or both), their conception of power cannot be said to involve the assumption that one man's gain in power is always offset by another man's loss. Parsons seems to have overlooked the fact that Dahl, Lasswell, and Kaplan do not consider control over one's own behavior as political power; thus, a loss of individual autonomy is not tantamount to a loss of political power. The Dahl-Lasswell-Kaplan conception of power also permits us to describe situations in which A's ability to get B to do X increases *simultaneously* with B's ability to get A to do X. If Robinson Crusoe handcuffs himself to Friday, he may increase his ability to affect Friday's movements; but he also increases Friday's ability to affect his (Crusoe's) movements. Similarly, the United States military involvement in Vietnam increases not only American ability to affect Vietnamese policy but also Vietnamese ability to affect American policy. The assumption that an increase in one man's political power is always offset by a decrease in another man's political power is not inherent in the conception of power put forth by Dahl, Lasswell, and Kaplan. The claim that Parsons's solution of the zero-sum problem heralds a revolution in political science appears exaggerated, for Parsons has "solved" a problem that does not exist.

<sup>81</sup>Parsons refers to the works of Dahl, Lasswell, and Kaplan, but never identifies specific pages or passages. The sole exception is his reference to Chapter Five of Dahl's *Modern Political Analysis*.

<sup>82</sup>Lasswell and Kaplan, *Power*, 75-76; and Dahl, *Modern Political Analysis*, 40, 45, 53.

## DEVELOPING THE ANALOGY: SPECULATION

Although the power-money analogy is not new, systematic development of it has not proceeded very far. A few of the more promising lines of development may now be surveyed in the hope of stimulating further investigation.<sup>83</sup>

(1) *Political banking.* Perhaps the most provocative suggestion for expanding the analogy is Parsons's comparison of the process by which banks create money with the process by which power is generated in a polity.<sup>84</sup> He compares lending support to a political group (e.g., by joining it or voting for it) to depositing money in a bank. Just as banks can safely lend out part of the money deposited with them without specific authorization from depositors, so political groups can lend out part of the power deposited with them without specific authorization. Political leaders can thus increase the amount of power in a polity just as bankers can increase the amount of money in an economy. One consequence of this power creation, however, is that, like bankers, politicians will be unable to meet all their obligations instantaneously. This illiquidity presents no problem for either politicians or bankers as long as the psychological atmosphere within which transactions occur remains relatively stable. If it is disturbed, however, there may be a confidence crisis that will start a rush to withdraw deposits of money and/or power.

The politics-banking analogy must be developed with extreme care. Describing the process by which banks create money is not easy, as anyone who has ever tried to explain it to undergraduates will testify. Both Coleman and Deutsch have damaged the analogy while attempting to improve it. They have fallen victim to the common fallacy of assuming that banks lend more money than has

<sup>83</sup>Useful suggestions for developing the analogy are found in Coleman, "Comment," 77-80; Coleman, "Political Money," 1082-1087; Deutsch, *Nerves of Government*, 125-127; Mitchell, *Sociological Analysis*, 95-97; and Ilchman and Uphoff, *Political Economy*.

<sup>84</sup>Parsons, "Concept of Influence," 59-62; "Concept of Political Power," 250-257; "Political Aspect," 90-104. See also, Deutsch, *Nerves of Government*, 120-121; and *International Relations*, 43-44.

been deposited with them.<sup>85</sup> In fact, no bank could or would allow its outstanding loans to exceed its total deposits. Banks can create money only if the money they lend is redeposited in the banking system. Thus, assuming a 20 percent reserve requirement, an initial deposit of \$10 million can lead to \$40 million in new loans *only* if each loan is redeposited in a bank. At the end of the money creation process the banking system will show total loans outstanding of \$40 million, but it will also show total deposits of \$50 million. This is not a trivial point. Just as banks cannot lend money that has not been deposited with them, so political groups cannot lend support they do not have. Just as loan recipients must have enough confidence in the banking system to redeposit their loan funds, so recipients of political support must have enough confidence in the system to redeposit it; otherwise, the process of creating political or financial credit comes to a halt. The expansion of such credit depends on the existence of an atmosphere of mutual trust and confidence. Parsons has performed a valuable service in calling our attention to the importance of expectations and the linkages between them and the political process.

(2) *Inflation and Deflation.* The phenomena of inflation and deflation should not be confused with the related but analytically distinguishable phenomena of credit expansion and contraction. Creating money is inflationary only if it changes the purchasing power of money. If the goods and services on the market expand simultaneously with the increase in money, there will be no inflation (*ceteris paribus*). Similarly, an increase in the number of symbols of legitimate political power results in political inflation only if it decreases the amount of power that each symbol allows one to exercise; e.g., if everyone walked around dressed in a policeman's uniform, real policemen would find themselves the victims of political inflation; but if the increase in the number of people wearing police uniforms increased at the same rate as the population, the power of each policeman might remain stable.

Investigation of the analogies between political and economic inflation and deflation is hampered by the fact that we have so

<sup>85</sup>Coleman, "Comment," 72; Deutsch, *Nerves of Government*, 121; and *International Relations*, 43.

many definitions of the terms. The *International Encyclopedia of the Social Sciences*, for example, defines inflation as a fall and deflation as a rise in the purchasing power of money, but it then proceeds to offer four additional definitions.<sup>86</sup> The existence of several definitions makes more precise definitions imperative in the search for political counterparts to inflation and deflation. In particular, it is important to distinguish between definitions and empirical observations. In Parson's writings, for example, it is clear that economic and political deflation are likely to culminate in the use of gold and force, respectively, but it is not clear whether this is true by definition or by observation.<sup>87</sup> Also, the distinction between power (purchasing or political) and the symbols thereof must be especially clear in analyses of inflation or deflation, since most definitions agree that these terms are supposed to focus attention on the relation between purchasing power and its symbols.

Another definition of inflation/deflation, which may be useful to political scientists is as follows: inflation is a condition in which too much money chases too few goods; and, conversely, deflation is a condition in which too many goods chase too little money.<sup>88</sup> Rather than focusing on whether the purchasing power of money has gone up or down, this definition focuses on whether the amount of purchasing power of money is adequate in terms of a postulated standard of social desirability. One could use this conception of deflation to describe such situations as: (1) scarcity of generalized media of economic exchange (money). This might be applied to situations in which lack of money necessitated reliance on barter, thus slowing the transaction flow to an undesirable degree. (2) scarcity of generalized media of political exchange (symbols of legitimate political power). This might be used to explain either

<sup>86</sup>M. Bronfenbrenner, "Inflation and Deflation," *International Encyclopedia of the Social Sciences*, VII (New York: Free Press, 1968), 289-290. The definition of inflation as a fall in purchasing power of money is employed in the previous paragraph.

<sup>87</sup>This definitional difficulty is also reflected in Chalmers Johnson, *Revolutionary Change* (Boston: Little-Brown, 1966), 28-30, 69, 91.

<sup>88</sup>This is one of the additional definitions offered by Bronfenbrenner, "Inflation and Deflation," 290.



why revolutions<sup>89</sup> occur or why world government does not. In both cases political exchange is hampered by the lack of agreement on a common standard of political value that can be used as a medium of exchange. As long as people disagree as to whether legitimacy should be accorded to the wealthy, the clever, the strong, the ideologically correct, or the side with the most votes, no generally acceptable medium of exchange is likely to emerge; and the rate at which political transactions flow is likely to be undeniably slow.

The inflation/deflation comparison could also be extended to sub-types of these phenomena. Creeping and runaway inflation are radically different phenomena, as are recessions and depressions. It is sometimes suggested that the extremes of hyper-inflation and deep depression resemble each other in some ways. It might be worthwhile to ask whether this applies to the political counterparts of these phenomena.<sup>90</sup>

(3) *Employment levels.* Another direction in which to develop the analogy is to search for political equivalents of the degree to which economic resources are productively employed in an economy. Mitchell has contributed a number of suggestions looking toward this end including the possibility of a political counterpart to business cycles.<sup>91</sup>

Questions concerning the optimum level of political employment could be especially interesting. Although the prevailing view is that full employment is desirable in the economy, it is not at all clear that this would apply to the polity. Perhaps such a focus could lead to new ways of looking at such problems as limited government and totalitarianism. One hypothesis to be considered, for example, is that constitutional government requires maintenance of equilibrium at levels of political resource use that are well below full employment.

(4) *Investment and Saving.* Deutsch has suggested that, like

<sup>89</sup>See Johnson's *Revolutionary Change* for an imaginative exploration along these lines.

<sup>90</sup>On this point see Ilchman and Uphoff, *Political Economy*, 136-159.

<sup>91</sup>Mitchell, *Sociological Analysis*, 81, 86, 95, 133-136.

money, power can be saved, spent on consumption, or invested.<sup>92</sup> Two focuses for research on this topic are: (1) Under what conditions do people choose to spend power resources on consumption instead of saving them? (2) Under what conditions are people willing to tie up their savings of power resources in long-term investment instead of keeping them in liquid form? The concept of "liquidity" in economics bears some similarity to that of "power potential" in political science. A liquid power resource would be one that could readily be used to exercise power, whereas it would be more difficult to realize the power potential of an illiquid power resource. Power potential, like liquidity, is a matter of degree. Economists have identified three primary motives for holding money: the transactions motive refers to the need to smooth out irregularities in the conduct of day-to-day business; the speculative motive refers to benefits of "being ready when the time is right"; and the precautionary motive refers to a desire to mitigate uncertainty.<sup>93</sup> Discovery of political counterparts for these motives could be very interesting.

(5) *Uncertainty and Risk*. In one sense money is a device for reducing uncertainty in an economic system. Barter exchange necessitates a "double coincidence of wants." This is basically an information scarcity problem in the sense that it arises from the difficulty of answering the question, "How do I identify the men who want what I have and who have what I want?" Money makes it possible to concentrate on finding the men who have what one wants and allows one to assume with confidence that these men will accept money in payment. Just as money helps us identify those who have purchasing power, so uniforms, titles, and identification cards help us to identify those who have political power. There is, after all, a certain utility in being able to reduce uncertainty as to whether the man standing in an intersection waving his arms is a policeman or a drunk.

Little attention has been devoted to the role of uncertainty in political systems. Mitchell suggests that the absence of a close political counterpart to money means that the level of uncertainty in

<sup>92</sup>*International Relations*, 44-46.

<sup>93</sup>Hart, "Money," 428.

the polity will be significantly higher than in the economy.<sup>94</sup> Does this matter? How can uncertainty be reduced? Would its reduction be desirable? How is uncertainty distributed in the political system? Answers to these and other questions could be generated by comparing economic and political exchange processes.

(6) *Byways of Economics*. Political scientists may be well advised to avoid the main road of sophisticated econometrics and advanced economic theory and to concentrate instead on some less traveled roads to economic understanding. Two areas that are of relatively little interest to contemporary economists but that should be of interest to political scientists are the non-market economies and the history of economic thought. If it is true, as was suggested above, that political exchange resembles barter, then we may want to focus attention on the transition from barter exchange to monetary exchange. The process of monetization of economic symbols is comparable to the process of legitimation of political symbols. Economic anthropology is likely to be at least as useful in understanding this problem as is formal economics.<sup>95</sup>

The works written by economists when their discipline was in its early stages of development should not be overlooked. They may well be more appropriate to the present stage of political science than the sophisticated models of contemporary economics. Among works that should be useful are those by Adam Smith, John Stuart Mill, Alfred Marshall, Frank H. Knight, Clarence Ayres, John Maynard Keynes, Joseph Schumpeter, and Jacob Viner, to name but a few. The point is that the most up-to-date ideas in economics may not be the most useful ones to political scientists at this time.

#### CONCLUSION

Dissatisfaction with particular formulations of the power-money analogy should not blind us to the value of the underlying assumption that it is useful to compare political and economic processes.

<sup>94</sup>*Sociological Analysis*, 86, 92-93. See also Frank H. Knight, *Risk, Uncertainty and Profit* (New York: Harper, 1921).

<sup>95</sup>See, for example, George Dalton, ed., *Primitive, Archaic, and Modern Economies: Essays of Karl Polanyi* (Garden City, N.Y.: Doubleday, 1968).

The analogy encourages us to consider politics and economics as subsets of a family of social processes. One can accept the contention of Catlin or Parsons that there are important parallels between the conceptual schemes appropriate for the analysis of economic and political aspects of society without necessarily accepting the conclusions they draw from this parallelism. If power relations pervade human relations as much as Dahl claims, we should not be surprised to find that other social sciences have something to say about them. Coleman's claim that the theory of money "comes closer than any other to a theory of influence systems"<sup>96</sup> may not be true, but it should at least provoke an interest in further investigation. The economists' good fortune in having money to study is our good fortune also. They have been able to erect a formidable body of theory. Although we may never be able to emulate them, we can at least understand our own discipline better if we understand how they did it and why they have succeeded in doing what we have been unable to do.

There is, however, no automatic or intrinsic heuristic value in comparing economic and political processes. The basic rationale of analogy is to improve understanding of the unfamiliar by comparing it with the familiar. The analogy can be a useful device for political scientists to the extent that they are familiar with such matters as the functions of money, the process of credit creation, theories of the value of money, monetary history, and the role precious metals have played in monetary systems. Without such familiarity the heuristic value of the comparison may be negative. Although we are accustomed to envying the economists because they have money, we should not forget that this is not an unmitigated blessing for them. It is only too easy to confuse monetary aspects of economic affairs with what is happening in terms of real goods and services. When economists speak of the need to "pierce the veil of money" in order to see what is really happening in the economy,<sup>97</sup> we should take it as a warning that the power-money analogy can conceal as much or more than it reveals.

In evaluating the power-money analogy a willingness to try new

<sup>96</sup>Coleman, "Comment," 77.

<sup>97</sup>Robertson, *Money*, I, 9-10; and Boulding, *Economic Analysis*, I, 20.

ways of thinking must be balanced by healthy skepticism. Perhaps Deutsch set the proper tone for a balanced approach when he said: "Political science cannot and will not become simply the 'economics of power,' but it can benefit from the limited similarities between money and [the symbols of?] power by using them as guides to the deeper similarities and differences behind them. For these similarities, though limited, are by no means trivial."<sup>98</sup> There may be no revolutionary implications in the analogy, but we may at least get a reshuffling of the cabinet.

<sup>98</sup>Deutsch, *International Relations*, 43.